



***United States Attorney  
Southern District of New York***

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**U.S. CHARGES ART DEALERS WITH  
PARTICIPATING IN A TEN-YEAR FRAUD SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today that EDWARD MERRIN and SAMUEL MERRIN, the principals of The Merrin Gallery, a Fifth Avenue art gallery specializing in the sale of Precolumbian art and antiquities, were indicted on conspiracy and wire fraud charges arising from a ten-year scheme to defraud major customers out of millions of dollars paid to purchase art.

The four-count Indictment returned yesterday in Manhattan federal court charges that EDWARD MERRIN and SAMUEL MERRIN, father and son respectively, entered into an oral agreement to sell art to a wealthy family at prices derived from The Merrin Gallery's cost of acquiring the art plus a commission (referred to as the "cost-plus agreement") and, while purporting to abide by the terms of the agreement, falsely and fraudulently misrepresented the Gallery's acquisition costs, thereby increasing the prices the victims paid for the art. According to the Indictment, from in or about April 1989 through in or about June 2000, the victims paid EDWARD MERRIN

and SAMUEL MERRIN over \$65 million for art purportedly covered by the cost-plus agreement. Because of the defendants' fraudulent misrepresentations, the Indictment charges that the victims paid millions of dollars more than provided by the terms of the agreement.

According to the Indictment, in 1988, the victims met EDWARD MERRIN and SAMUEL MERRIN, who represented themselves as leading experts in the field of Precolumbian art and claimed that The Merrin Gallery dealt in Precolumbian art of a higher quality than other dealers. Precolumbian art refers to art created in Central and South America before the voyage of Christopher Columbus. In or about late 1988 or early 1989, one of the victims proposed an agreement - the cost-plus agreement - whereby the MERRINs would sell art, with certain exceptions, to the victims at a price derived from the cost of the art plus a ten to twenty percent commission. The lower commission rate applied to art The Merrin Gallery acquired exclusively for and at the request of the victims (therefore eliminating all risk to the Gallery of not selling the art). The higher commission rate applied to art the Gallery had purchased on its own and resold to the victims. Although the MERRINs were initially resistant to the proposal, according to the Indictment, the MERRINs agreed in or about early 1989 with the understanding that the victims would buy large

volumes of art from The Merrin Gallery. The cost-plus agreement was an oral agreement, not documented in writing.

According to the Indictment, from 1989 through 2000, EDWARD MERRIN and SAMUEL MERRIN sold hundreds of pieces of art to the victims purportedly under the cost-plus agreement, shipped the art to locations inside and outside New York, and, in return, received millions of dollars in payments. The MERRINs falsely and fraudulently represented The Merrin Gallery's acquisition cost of much of the art sold under the cost-plus agreement in person, in correspondence, and on invoices. In doing so, the Indictment charges that EDWARD MERRIN and SAMUEL MERRIN defrauded the victims out of millions of dollars.

For instance, according to the Indictment, on or about November 10, 1994, EDWARD MERRIN and SAMUEL MERRIN sold and shipped certain "Objects From A Private Collection" to a partnership established by the victims, located in Florida. The relevant invoice describes the items as a "Were-Jaguar Hacha," an "Urn in the Form of Cocijo, God of Lightning and Rain," a "Monkey of the God Xochipilli," and a "Stone Mask." The invoice indicates that the total cost of the items was \$910,000. The Merrin Gallery's actual cost of purchasing the items was approximately \$375,000, it is alleged.

The Indictment also charges that, on or about April 6, 1999, EDWARD MERRIN and SAMUEL MERRIN sold and caused to be transported what were identified as an "Extremely Important Group of Five Standing Figures" to a partnership established by the victims in New York. The invoice describes the items as: "Olmec, Las Bocas, 1200-900 BC," and lists the price as: "\$775,000. + 10% = \$852,500.00." The Merrin Gallery's actual cost of purchasing the items was approximately \$410,000, it is alleged.

According to the Indictment, on or about April 19, 1999, EDWARD MERRIN and SAMUEL MERRIN sold and caused to be transported a "Mask of a Bearded Ruler - Perhaps a Shaman King," to a partnership established by the victims in New York. The relevant invoice describes the item as: "Olmec, Preclassic period, 900-600 BC[,] Jade[,] Height: 7 inches[,] Collected in the 1960s, [with ten celts]" and lists the price as "\$1,120,000. + 10% = 1,232,000.00." The Merrin Gallery's actual cost of purchasing the item was approximately \$390,000, it is alleged.

EDWARD MERRIN, 76, and SAMUEL MERRIN, 41, are expected to surrender on Monday and will be presented on the Indictment before United States District Judge DEBORAH A. BATTS.

The charges were the result of an investigation conducted by the United States Postal Inspection Service.

Mr. KELLEY praised the investigative efforts of the Postal Inspection Service.

Assistant United States Attorney DANIEL S. RUZUMNA is in charge of the prosecution.

The charges contained in the Indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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